

**PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1325 G STREET, N.W., SUITE 800
WASHINGTON, D.C. 20005**

ORDER

November 26, 2025

**FORMAL CASE NO. 1050, IN THE MATTER OF THE INVESTIGATION OF THE
IMPLEMENTATION OF INTERCONNECTION STANDARDS IN THE DISTRICT OF
COLUMBIA, Order No. 22745**

I. INTRODUCTION

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) finds that a temporary, time-limited approach is both necessary and reasonable to protect customers, support the District’s clean energy targets, and ensure orderly management of the interconnection queue with the expiration of federal energy tax credits. The Commission authorizes the creation of a Temporary Conditional Interconnection Program (“TCIP”), effective upon issuance of this Order. Eligibility for participation in the TCIP shall be limited to distributed energy resource (“DER”) projects that: (1) were in the Potomac Electric Power Company’s (“Pepco” or “Company”) queue as of October 31, 2025, for receipt of an Authorization to Operate (“ATO”) before the end of this calendar year; or (2) submit a complete interconnection application on or before December 31, 2025, for receipt of an ATO on or before June 30, 2026. TCIP ATOs shall remain valid until a customer receives a full, unrestricted ATO following the completion of necessary upgrades, and eligibility for the TCIP shall expire on June 30, 2026, unless extended by a further Order. The Commission further authorizes Pepco to: (1) implement temporary staffing measures for interconnection engineering sufficient to accelerate Authorizations to Install (“ATI”) and ATO processing through at least mid-2027 and (2) schedule and commence distribution system upgrade work concurrently with the permitting process upon receipt of the customer’s payment of the cost estimate. The Commission directs Pepco to (1) collaborate with the Commission Staff and stakeholders in the *Formal Case No. 1050* Technical Conference to develop a standard, phased interconnection agreement that governs TCIP ATO conditions and subsequent upgrade-based full-export authorization and (2) maintain adequate inventories of commonly required meters, communications hardware, relay protection equipment, and telemetry devices, as set forth in this Order. Finally, the Commission directs the Commission Staff and stakeholders to address the recommended permanent reforms, along with a discussion of the defined Service Level Agreements (“SLA”) governing Pepco’s processing times, issuance of ATOs, and scheduling construction activities, at the *Formal Case No. 1050* Technical Conference as described in this Order. The details of the discussion and consensus recommendations on these topics shall be included in the *Formal Case No. 1050* Technical Conference Report to be filed by Pepco, within sixty (60) days of the date of this Order.

II. BACKGROUND

2. On July 4, 2025, Congress enacted the One Big Beautiful Bill Act of 2025 (“OBBBA”), which significantly revised the Federal Investment Tax Credit (“ITC”) and Production Tax Credit (“PTC”). Among other provisions, the OBBBA:

- terminates the residential solar Section 25D tax credit for customer-owned systems not installed by December 31, 2025;
- terminates the clean energy ITC (Section 48E) and PTC (Section 45Y) for solar and wind projects not placed in service by December 31, 2027, except for projects that begin construction by July 4, 2026;
- introduces new Foreign Entity of Concern (“FEOC”) restrictions on eligible equipment sourcing effective January 1, 2026; and
- revises Treasury guidance on “beginning of construction,” eliminating the Five Percent Safe Harbor test for projects over 1.5 MW of Alternating Current (“AC”).

3. These provisions create near-term deadlines for project developers and increase the risks associated with interconnection, utility permitting, and financing timelines. This effect is particularly acute in the District of Columbia (“District”), where most projects are under 1.5 MW AC; community solar development is central to meeting the renewable portfolio standard; and permitting and interconnection timelines are already identified as barriers.¹

4. On October 22, 2025, the Commission issued a Notice of Inquiry (“NOI”) in this proceeding, seeking stakeholder input regarding potential temporary solutions for expedited interconnection of DERs, considering the sunset of the federal ITC at the end of this calendar year.² The Commission’s request was based on a tiered prioritization framework designed to focus limited utility and regulatory resources on projects facing the most immediate ITC-related deadlines. The Commission further notes that, although the Section 25D residential solar credit expires on December 31, 2025, the sunset of the Section 48E/45Y commercial credits and the July

¹ See, Public Service Commission of the District of Columbia, *Renewable Energy Portfolio Standard Report for Compliance Year 2024*, May 1, 2025, available at <https://dcpssc.org/getmedia/23c0a50c-ae94-4ba9-8c3a-92071086f253/2025-RPS-Report-FINAL.aspx>; Office of the People’s Counsel for the District of Columbia, OPC Data on Solar Interconnection Complaints (Memo), March 18, 2025, available at <https://opc-dc.gov/wp-content/uploads/2025/03/OPC-Memo-Solar-Interconnection-Complaint-Data-Final.pdf>; Interstate Renewable Energy Council (IREC), “Persistent Interconnection Challenges Risk DC’s Clean Energy Goals”, September 20, 2024, available at <https://irecusa.org/blog/irec-news/persistent-interconnection-challenges-risk-dcs-clean-energy-goals/?utm>; *Formal Case No. 1050, In the Matter of the Investigation of the Implementation of Interconnection Standards in the District of Columbia* (“*Formal Case No. 1050*”); RM40-2024-01, *In the Matter of 15 DCMR Chapter 40 – District of Columbia Small Generator Interconnection Rules* (“RM40-2024-01”); RM29-2024-01, *In the Matter of 15 DCMR Chapter 29 – Renewable Energy Portfolio Standard* (“RM29-2024-01”); Petition of Chesapeake Solar & Storage Association to Initiate an Emergency Rulemaking to Revise 15 DCMR § 4005 and a Non-Emergency Rulemaking to Amend the Small Generator Interconnection Rules in Chapters 29 and 40 of the Commission’s Regulations, filed September 11, 2024.

² *Formal Case No. 1050*, Notice of Inquiry, rel. October 22, 2025 (“NOI”).

4, 2026, “begin-construction” deadline justifies maintaining temporary operational flexibility into 2026 to accommodate projects whose upgrade work will continue beyond 2025.

5. Through the NOI, the Commission invited two categories of responses:

(a) From Pepco: Provide the total number of DER projects currently in the interconnection queue and the total amount of pending capacity (in megawatts) at each interconnection level, broken down by level of urgency based on the timing of ITC expiration. Pepco shall also include a proposed action plan to mitigate the impact of expiring federal incentives, presented in the format provided, and

(b) From interested stakeholders: Provide comments addressing whether the Commission should issue a temporary directive to allow for some form of expedited interconnection of projects in the queue through the end of this year, in a manner that protects the safety and reliability of the distribution system; and, if so, describe proposed solution(s) in detail.

6. The Commission received written comments from Fernando Laguarda,³ Harrison Pyros,⁴ D.C. Climate Action (“DCCA”),⁵ the Office of the People’s Counsel for the District of Columbia (“OPC”),⁶ the Interstate Renewable Energy Council (“IREC”),⁷ Solar Solution,⁸ CleanCapital,⁹ and the Chesapeake Solar and Storage Association (“CHESSA”).¹⁰

III. DISCUSSION

A. NOI Comments

7. **Fernando Laguarda.** Fernando Laguarda states that although his rooftop solar system has been fully installed following litigation before the Commission, the system remains

³ *Formal Case No. 1050*, Comments of Fernando Laguarda, filed October 28, 2025 (“Laguarda Comments”).

⁴ *Formal Case No. 1050*, Comments of We Power DC, filed October 31, 2025 (“We Power DC Comments”).

⁵ *Formal Case No. 1050*, Comments of D.C. Climate Action, filed October 31, 2025 (“DCCA Comments”).

⁶ *Formal Case No. 1050*, The Office of the People’s Counsel for the District of Columbia’s Comments on the October 22, 2025, Notice of Inquiry, filed October 31, 2025 (“OPC Comments”).

⁷ *Formal Case No. 1050*, Comments of the Interstate Renewable Energy Council, Inc. on the October 22nd Notice of Inquiry, filed October 31, 2025 (“IREC Comments”).

⁸ *Formal Case No. 1050*, Comments of Solar Solution, filed November 3, 2025 (“Solar Solution Comments”).

⁹ *Formal Case No. 1050*, Comments of CleanCapital, filed November 3, 2025 (“Clean Capital Comments”).

¹⁰ *Formal Case No. 1050*, Comments of Chesapeake Solar and Storage Association, filed November 3, 2025 (“CHESSA Comments”).

inactive due to Pepco's failure to complete necessary distribution system upgrades.¹¹ He explains that repeated attempts to obtain scheduling updates through Pepco's interconnection communications platform produced no reliable timetable for when the required work would be performed.¹² Mr. Laguarda asserts that these delays risk depriving customers of the 30% ITC, increasing financing costs, and potentially leading to project cancellations or deferrals, as contractors cannot rely on predictable Pepco interconnection timelines.¹³ He requests that the Commission authorize a conditional, non-export ATO for completed systems awaiting upgrades, citing Pepco's Flexible Interconnection framework used in Maryland as evidence that this approach is technically feasible and already in use in the region.¹⁴ He further requests that the Commission clarify that Pepco must provide defined construction schedules and respond promptly to customer status inquiries.¹⁵

8. **We Power DC.** Harrison Pyros filed comments on behalf of We Power DC, a ratepayer advocacy organization dedicated to advancing energy affordability, clean energy access, and long-term structural energy reform. We Power DC states that Pepco's current interconnection queue is slow, difficult to navigate, and has hindered residents' ability to take advantage of solar programs and policy advancements in the District.¹⁶ We Power DC supports the Commission's effort to consider temporary measures to expedite DER interconnections, thereby preventing customers from losing eligibility for the ITC at the end of 2025.¹⁷ It notes that delays in interconnection create real and immediate economic risks for customers and may lead to project cancellations if systems cannot be energized before the ITC expires.¹⁸

9. We Power DC recommends that the Commission adopt a temporary framework that prioritizes the most urgent interconnection requests.¹⁹ It supports prioritization based on factors such as the project's capacity, its place in the queue, and the complexity of required upgrades.²⁰ We Power DC further supports the Commission authorizing temporary non-export (sole-consumption) operation for systems awaiting full interconnection approval. According to We Power DC, allowing systems to operate in non-export mode would enable customers to qualify for the ITC immediately, while final upgrades and export authorization could be completed after

¹¹ Laguarda Comments at 1.

¹² Laguarda Comments at 2.

¹³ Laguarda Comments at 2.

¹⁴ Laguarda Comments at 2.

¹⁵ Laguarda Comments at 2.

¹⁶ We Power DC Comments at 1.

¹⁷ We Power DC Comments at 1.

¹⁸ We Power DC Comments at 1.

¹⁹ We Power DC Comments at 1.

²⁰ We Power DC Comments at 1.

2025.²¹ We Power DC requests that the Commission direct Pepco to act promptly and favorably on interconnection applications where ITC deadlines are imminent. It also recommends establishing a clear path for customers to seek full export authorization later, once any necessary distribution system work has been completed.²²

10. **D.C. Climate Action.** DCCA states that the Commission’s NOI raises an urgent issue because two separate federal tax-credit provisions are scheduled to sunset under the OBBBA: the Residential Clean Energy Credit, which ends December 31, 2025, and the ITC for commercially owned DER systems, which begins phasing out as early as July 2026.²³ DCCA explains that the expiration of these incentives poses significant financial risks to residential customers, installers, and the broader local solar industry.²⁴ DCCA notes that ambiguity in the OBBBA and in Internal Revenue Service (“IRS”) guidance makes it unclear whether customers must complete DER installation or must also obtain a full ATO to qualify for the tax credit.²⁵ To prevent customers from losing eligibility due to administrative delays, the DCCA recommends that any temporary Commission directive be structured to ensure that customers can receive an ATO by December 31, 2025.²⁶

11. To accomplish this, DCCA proposes that the Commission authorize immediate zero-export interconnection using IEEE 1547-2018 compliant smart inverters paired with UL 1741 CRD-certified Power Control Systems (“PCS”) for systems awaiting distribution system upgrades. This would allow these systems to operate safely for self-consumption only until the grid upgrades are completed.²⁷ DCCA identifies a similar fast-track or notification-only pathway as a best practice already used in California, Hawaii, Maryland, New York, and Illinois, and notes that Pepco-Maryland already allows zero-export and limited-export operation under this approach.²⁸ For systems not facing grid constraints, DCCA recommends prioritizing and fast-tracking interconnection approvals, as well as increasing staffing capacity as needed.²⁹

12. Under DCCA’s proposal, customers receiving zero-export ATOs could later apply for net-metered export authorization after distribution system upgrades are completed, or if it is demonstrated that the export does not threaten grid stability. Where limited export is necessary, DCCA recommends allowing export up to identified grid capacity limits, with curtailment enabled

²¹ We Power DC Comments at 1.

²² We Power DC Comments at 1.

²³ DCCA Comments at 1-2.

²⁴ DCCA Comments at 2.

²⁵ DCCA Comments at 2-3.

²⁶ DCCA Comments at 3.

²⁷ DCCA Comments at 3.

²⁸ DCCA Comments at 3.

²⁹ DCCA Comments at 4.

through Volt-Watt inverter functionality.³⁰ DCCA further recommends requiring Pepco to expedite these follow-up interconnection approvals to avoid delaying access to Solar Renewable Energy Credits.³¹ DCCA points to existing Commission interconnection rules that require Pepco to justify why IEEE 1547 and UL 1741 certified equipment cannot be used to avoid distribution system upgrades. DCCA argues that this requirement supports the Commission's authority to approve zero-export and limited-export temporary interconnection pathways without additional rulemaking.³²

13. DCCA also emphasizes that existing Commission regulations already support this approach. Specifically: (1) 15 D.C.M.R. § 4005.4(d)(1) requires Pepco to explain why IEEE 1547-certified and UL 1741-listed smart inverters cannot avoid the need for distribution system upgrades; (2) the current rules do not prohibit zero-export or limited-export interconnection; (3) because UL 1741 CRD is the updated certification standard succeeding UL 1741 SA, and the District's rules require adherence to IEEE 1547 and UL 1741 standards, the Commission may treat UL 1741 CRD-certified PCS as compliant without additional rulemaking.³³

14. **OPC.** OPC supports the temporary authorization of non-export ("offset-load") systems and concurrent construction of customer-owned facilities, allowing residential solar systems to be energized without exporting energy to the grid while interconnection upgrades or approvals are pending.³⁴ OPC states that Pepco met regulatory processing timelines only 61.96% of the time for Level 2 applications and 75.35% for Level 1 applications, which is well below the 90% compliance threshold that requires corrective action.³⁵ OPC maintains that these existing delays are now compounded by the impending expiration of federal tax credits, which will increase the financial harm customers may face if their systems are not interconnected by December 31, 2025.³⁶ OPC explains that non-export systems pose minimal grid impact, can be verified through UL 1741-CRD compliant smart inverters and PCS, and do not require meter replacement or reprogramming, enabling faster interconnection approval.³⁷

15. OPC further recommends that the Commission require Pepco to implement "concurrent construction," meaning Pepco must schedule and begin necessary distribution upgrade work once the customer has paid for the upgrades, rather than waiting until after local permitting

³⁰ DCCA Comments at 4.

³¹ DCCA Comments at 4.

³² DCCA Comments at 5.

³³ DCCA Comments at 5-6.

³⁴ OPC Comments at 3-4.

³⁵ OPC Comments at 3.

³⁶ OPC Comments at 2.

³⁷ OPC Comments at 5.

is completed.³⁸ OPC states that this approach could reduce ATO timelines by a few months.³⁹ OPC notes that several other states, including Arizona, California, Colorado, Hawaii, Illinois, Michigan, and Nevada, already fast-track non-export configurations.⁴⁰ OPC notes that Pepco already administers a non-export interconnection pathway in Maryland under the Level 3 review process, where the Company must issue permission to operate within twenty (20) business days once required documentation is submitted.⁴¹ OPC states that these systems can be approved more quickly because they do not require distribution system upgrades or additional assessments.⁴²

16. **IREC.** IREC states that the expiration of the Section 25D Residential Clean Energy Tax Credit at the end of 2025 and the Section 48 Business Energy Investment Tax Credit beginning in 2027 creates significant financial risk for customers who depend on timely interconnection to receive these incentives.⁴³ IREC explains that many systems in the District cannot receive an ATO until distribution system upgrades are completed, and delays in ATO issuance may prevent customers from qualifying for the tax credits.⁴⁴ IREC recommends that the Commission adopt more robust oversight of Pepco's interconnection timelines, including routine audits, monthly reporting, and meaningful penalties for non-compliance.⁴⁵ IREC notes that Pepco has struggled to meet existing interconnection processing requirements and that continued delays now carry greater consequences due to the federal tax-credit deadlines.⁴⁶ IREC emphasizes that the ATO step is crucial in determining whether a system is considered "placed in service" for tax-credit eligibility.⁴⁷ IREC notes that the Commission's interconnection rules currently do not impose deadlines for the ATO step for Levels 2, 3, or 4, which can lead to open-ended delays.⁴⁸ To address this gap, IREC recommends a 10-business day deadline for Pepco to issue an ATO once system commissioning and verification are complete.⁴⁹ IREC also cautions that procedural delays related to meter procurement or configuration should not prevent customers from meeting tax-credit

³⁸ OPC Comments at 1, 4, and 7.

³⁹ OPC Comments at 7.

⁴⁰ OPC Comments at 6 (citations omitted).

⁴¹ OPC Comments at 6-7.

⁴² OPC Comments at 7.

⁴³ IREC Comments at 2.

⁴⁴ IREC Comments at 3.

⁴⁵ IREC Comments at 2.

⁴⁶ IREC Comments at 2.

⁴⁷ IREC Comments at 3.

⁴⁸ IREC Comments at 3.

⁴⁹ IREC Comments at 3.

requirements.⁵⁰ IREC further observes that the existing interconnection dispute-resolution process is too slow to assist customers facing time-sensitive tax deadlines.⁵¹ IREC recommends that the Commission either assign dedicated staff to manage interconnection disputes or establish a Commission Interconnection Ombudsman to oversee compliance, track queue performance, and resolve disputes efficiently.⁵²

17. IREC recommends that the Commission require Pepco to offer a standardized phased interconnection agreement, allowing DER systems to operate in a temporary non-export or limited-export mode until distribution system upgrades are completed.⁵³ Under this arrangement, projects could be placed in service to meet tax-credit deadlines while still protecting grid reliability. IREC notes that phased interconnection agreements have been used successfully elsewhere but are currently negotiated on a case-by-case basis, which is inefficient and inconsistent. IREC recommends that a tax professional review the standardized agreement to ensure the arrangement meets the IRS's "placed in service" requirements.⁵⁴

18. **Solar Solution.** Albert LaFrance filed comments on behalf of Solar Solution. Solar Solution supports the Commission issuing a temporary directive to expedite interconnection for residential solar customers whose systems are installed but cannot be energized because they are waiting on Pepco to complete distribution system upgrades.⁵⁵ Solar Solution recommends that the Commission authorize temporary, conditional ATOs upon submission of Part II of the interconnection application, allowing systems to operate in a controlled, non-harmful mode while grid upgrades are pending.⁵⁶ Solar Solution proposes two possible operating configurations:

1. **Volt-Watt Control** – Smart inverters, which are already required under Commission rules, can automatically reduce their output to maintain safe voltage levels. Solar Solution states this is its preferred solution.
2. **Power Export Limitation** – Systems could be configured to zero-export or limited-export, ensuring the system only serves on-site load and does not send power onto the grid.

⁵⁰ IREC Comments at 3.

⁵¹ IREC Comments at 3-4.

⁵² IREC Comments at 3.

⁵³ IREC Comments at 4.

⁵⁴ IREC Comments at 4.

⁵⁵ Solar Solution Comments at 1.

⁵⁶ Solar Solution Comments at 1.

Solar Solution notes that Pepco already supports similar “flexible interconnections” in Maryland, demonstrating feasibility.⁵⁷

19. **CleanCapital.** CleanCapital explains that the sunset of the ITC makes it urgent to accelerate DER interconnections so that projects in development can qualify for tax incentives before deadlines set forth in the OBBA.⁵⁸ CleanCapital states that it owns and operates multiple solar projects in the District and is currently investing in additional projects that could be affected by interconnection delays. CleanCapital also notes that it supports the recommendations submitted by CHESSA.

20. CleanCapital proposes the following recommendations to expedite project development:

a. Create an Interim ATO for systems awaiting upgrades

CleanCapital proposes that Pepco issue a temporary (interim) ATO once a system has passed construction and electrical inspections, allowing it to run while distribution system upgrades are pending. Behind-the-meter systems would operate in zero-export mode, and front-of-the-meter systems would be allowed limited export below thresholds that would trigger upgrades. According to CleanCapital, this approach would help projects meet placed-in-service deadlines, avoid delays related to grid upgrades, and allow more customers and developers to preserve eligibility for federal tax credits. CleanCapital notes that a similar proposal is already being considered in the Maryland Public Service Commission Public Conference 73 to help projects preserve ITC eligibility.⁵⁹

b. Allow customers to self-build interconnection facilities

CleanCapital argues that because interconnection facilities are typically located on the customer’s side of the point of common coupling, and customers are already responsible for maintaining them, customers should also be allowed to self-build these facilities. According to CleanCapital, allowing self-build would reduce interconnection delays, potentially lower overall project and ratepayer costs, and free up Pepco’s construction capacity, which could, in turn, speed up other pending grid upgrade work.⁶⁰

c. Require Pepco to hire more staff to complete engineering reviews

CleanCapital suggests that Pepco should increase interconnection engineering staffing, as additional personnel would expedite engineering reviews and enable more projects to meet the federal ITC deadlines. Expanding staff capacity is presented as a near-

⁵⁷ Solar Solution Comments at 1.

⁵⁸ CleanCapital Comments at 2.

⁵⁹ CleanCapital Comments at 2.

⁶⁰ CleanCapital Comments at 3.

term, practical solution that would help more District customers qualify for the tax credit before it phases out.⁶¹

d. Strengthening oversight of Pepco's interconnection timelines

Noting that delays pose one of the most significant risks to projects under the revised federal ITC deadlines, CleanCapital recommends that the Commission: (1) set a firm deadline for Pepco to issue an ATO once an ATO application is complete and submitted to Pepco; (2) require Pepco to maintain adequate inventory of commonly needed interconnection equipment, or allow customers to procure equipment themselves to avoid delays; and (3) direct Pepco to schedule utility upgrade work immediately after payment is made, rather than waiting for customers to complete electrical permitting.⁶²

21. **CHESSA.** CHESSA supports the Commission's efforts to ensure that District customers can maximize use of remaining federal clean energy tax credits before they expire. CHESSA notes that electricity demand and utility capital investment costs are rising, which increases customer bills, while the District energy policy has long encouraged the use of distributed clean energy to reduce both costs and fossil-fuel impacts.⁶³ Because the federal tax credit support for customer-owned solar is now being phased out under the OBBBA, CHESSA's comments focus on the timeline by which this phase-out will affect solar affordability under current interconnection timelines and the steps the Commission can take to help customers secure the credit while it is still available.⁶⁴

22. CHESSA explains that the OBBBA phases out two key federal incentives that currently make solar affordable in the District: the 30% Residential Clean Energy Credit (25D), which expires for any system not installed by December 31, 2025, and the 30% ITC (48E) for commercial and third-party owned systems, which requires systems to be placed in service by December 31, 2027, unless they begin construction before July 4, 2026, in which case they have four years to complete installation. OBBBA also imposes new FEOC equipment sourcing restrictions on 48E projects that begin construction after 2025.⁶⁵

23. CHESSA notes that in the District, customers typically must receive ATI from Pepco before they are willing to commit funds needed to satisfy the "begin construction" standard, and must receive an ATO from Pepco to meet the "placed in service" requirement. CHESSA states that because ATO timelines are unpredictable, these federal timelines directly intersect with Pepco's interconnection process pace, creating the risk that customers will lose access to tax credits due to the Company's delays.

⁶¹ CleanCapital Comments at 3.

⁶² CleanCapital Comments at 3-4.

⁶³ CHESSA Comments at 2.

⁶⁴ CHESSA Comments at 2.

⁶⁵ CHESSA Comments at 2-3.

24. CHESSA anticipates that the phase-out of federal tax credits under OBBBA will drive a series of time-sensitive surges in Pepco's interconnection queue. First, Pepco is likely already seeing an increase in ATI requests from homeowners attempting to install systems before the December 31, 2025, residential credit deadline, along with a rush of these systems seeking an ATO within the same period.⁶⁶ CHESSA expects a wave of commercial and third-party financed projects seeking ATI over the coming months to ensure they begin construction before December 31, 2025, or July 4, 2026, to avoid FEOC restrictions and retain the four-year placed-in-service allowance.⁶⁷ By spring 2026, CHESSA predicts that the cost of new solar projects will begin to rise, especially for larger or community solar projects that face longer and more uncertain ATO timelines.⁶⁸ Finally, CHESSA expects a significant spike in ATO requests in late 2026 and 2027, as all projects that began construction after July 4, 2026, race to be placed in service by December 31, 2027, after which new projects in the District will likely cost about 30% more because the ITC will no longer be available.⁶⁹

25. CHESSA recommends that the Commission accelerate the ATI timelines by authorizing Pepco to add additional interconnection and engineering staff through at least mid-2027. Faster ATI processing would allow more customers to meet the federal "begin construction" deadlines needed to avoid FEOC-related cost increases and to preserve eligibility for the ITC before it expires.⁷⁰ CHESSA also recommends that, during this temporary staffing period, the Commission require monthly reporting on ATI processing times for Level 1 systems, Level 2 systems requiring only interconnection facilities, and Level 2 systems requiring distribution system upgrades, to ensure staffing resources are being used effectively.⁷¹

26. CHESSA further recommends that the Commission require Pepco to implement a temporary interim ATO program for systems that need interconnection facilities or distribution system upgrades.⁷² Under this program, once a system is constructed and passes electrical inspection, Pepco would issue an interim ATO within five business days, allowing the system to operate in zero-export mode (for behind-the-meter systems) or limited-export mode (for front-of-the-meter or community solar systems) while Pepco procures equipment and completes upgrade work.⁷³ CHESSA contends that the current practice of requiring all upgrades to be completed before any operation creates highly uncertain ATO timelines, which will likely become the single

⁶⁶ CHESSA Comments at 3-4.

⁶⁷ CHESSA Comments at 4.

⁶⁸ CHESSA Comments at 4.

⁶⁹ CHESSA Comments at 4.

⁷⁰ CHESSA Comments at 4.

⁷¹ CHESSA Comments at 4.

⁷² CHESSA Comments at 4-5.

⁷³ CHESSA Comments at 5.

biggest barrier to customers qualifying for the federal tax credit after mid-2026.⁷⁴ According to CHESSA, interim ATOs would provide predictable placed-in-service timing, allowing systems to continue to be financed with the federal tax credit through at least mid-2027.⁷⁵ CHESSA notes that Hawaii and California already use similar temporary zero- and limited-export interconnection pathways, and that Pepco already administers a limited-export process in Maryland, demonstrating feasibility.⁷⁶ CHESSA states that because the restrictions would be temporary (likely no more than 6 months per system), the program would avoid long-term operational or financial concerns while enabling significantly more customers to benefit from solar before tax credits expire.⁷⁷

27. CHESSA also recommends that the Commission accelerate residential interconnections by adopting Pepco's proposed flat interconnection fee for systems under 20 kW, provided the program includes strong oversight, cost accountability, and firm processing timelines.⁷⁸ If the flat fee is set low and tied to fast or automatic ATI, then, when combined with the temporary interim ATO approach recommended by CHESSA, residential solar interconnections could proceed much more quickly.

28. CHESSA recommends that the Commission continue pursuing longer-term reforms to the interconnection process, aiming to reduce costs and shorten timelines as the federal ITC phases out. According to CHESSA, the technical conference in *Formal Case No. 1050* has already identified several measures that can make solar more affordable by reducing "soft costs," including: (1) concurrent construction, where Pepco begins grid upgrade work as soon as the customer pays, rather than waiting for electrical permits; (2) ensuring adequate stocking of commonly needed interconnection equipment, or allowing customers to procure equipment themselves when utility procurement delays occur; (3) allowing customers to self-build interconnection facilities, which would reduce delays and free Pepco's construction capacity; and (4) general procedural improvements, such as combining cost estimate steps, allowing earlier ATO applications, and establishing a firm ATO issuance deadline.⁷⁹

IV. DECISION

A. Common Themes Across Stakeholder Recommendations

29. Despite varied perspectives, the comments submitted in response to the NOI reflect broad alignment on several key points:

⁷⁴ CHESSA Comments at 5.

⁷⁵ CHESSA Comments at 5-6.

⁷⁶ CHESSA Comments at 5.

⁷⁷ CHESSA Comments at 5.

⁷⁸ CHESSA Comments at 6.

⁷⁹ CHESSA Comments at 6-7.

- a. Interconnection delays pose a material risk to customers' ability to qualify for the remaining federal clean energy tax credits under the OBBBA.
- b. The ATO step, particularly where distribution system upgrades are required, is the primary bottleneck preventing solar systems from being placed in service in time.
- c. Permitting systems to operate in a temporary non-export or limited-export mode pending upgrade completion is technically feasible, widely used in other jurisdictions, and already used by Pepco in Maryland.
- d. Additional Pepco staffing, particularly interconnection engineering resources, is necessary on a near-term, temporary basis to process ATI and ATO requests at the anticipated scale.
- e. Implementing measures such as concurrent upgrade scheduling, improved equipment availability, clearer ATO processing timelines, phased interconnection agreements, and customer self-build options would produce sustained improvements in interconnection speed and cost efficiency.
- f. For residential systems, a flat interconnection fee framework, if paired with firm processing and accountability requirements, may reduce soft costs and accelerate installation.
- g. A broad consensus among stakeholders, including the DCCA, IREC, OPC, CHESSA, CleanCapital, Solar Solution DC, and resident Fernando Laguarda, supports the issuance of temporary conditional or interim ATOs for non-export or limited-export systems during the upgrade period.

30. The Commission agrees that without immediate, temporary process adjustments, a substantial portion of District customers may lose access to federal tax benefits, leading to higher system costs and reduced solar adoption at a time when legislative and policy mandates call for accelerated growth in distributed energy.

B. Commission's Determination

31. The comments reflect consensus among commenters that Pepco's interconnection process may not be meeting customer expectations for timeliness, transparency, or communication, creating a significant risk that customers and developers will lose eligibility for federal clean-energy tax credits through no fault of their own.

32. To that end, the Commission finds that a temporary, time-limited approach is both necessary and reasonable to protect customers, support the District's clean energy targets, and ensure orderly management of the interconnection queue. The Commission further finds that while eligibility for TCIP participation is tied to the federal December 31, 2025, tax credit deadline for residential systems, maintaining TCIP operational authority through June 30, 2026, is necessary to: (1) allow Pepco to complete pending upgrades for 2025-eligible systems; (2) support early-

stage commercial and community solar projects seeking to begin construction before the July 4, 2026, OBBA deadline; and (3) ensure continuity during the broader ITC transition period.

33. The Commission determines that IEEE Standard 1547-2018 and UL 1741 SA/CRD certifications provide adequate assurance that smart inverters and power-control systems can safely operate in a non-export or limited-export mode, consistent with 15 D.C.M.R. § 4005.4(d)(1), which requires Pepco to demonstrate why such certified functionalities cannot obviate the need for upgrades.

34. The Commission concludes that conditional non-export operation with verified inverter settings represents a technically feasible, low-risk means of mitigating consumer harm while preserving system safety and facilitating federal tax-credit compliance. The Commission expects that TCIP ATOs will generally rely on advanced inverters with verified PCS settings to ensure that power is used solely for on-site consumption or limited export in front-of-the-meter applications.

35. While the Commission is persuaded by OPC's and IREC's recommendations for defined SLAs governing Pepco's processing times, issuance of ATOs, and scheduling of construction activities, there is limited time to do this before the end of the year. However, we direct the Commission Staff to include a discussion of this subject at the *Formal Case No. 1050* Technical Conference and provide a recommendation to the Commission within sixty (60) days of the date of this Order.

36. The Commission recognizes that greater oversight and transparency are required to ensure compliance with existing and temporary interconnection requirements. Enhanced data reporting and performance metrics will improve accountability and inform potential permanent reforms to the interconnection rules in 15 D.C.M.R. § 4000 et seq.

37. The Commission concludes that it has authority under D.C. Code §§ 34-802, 34-301, and 34-1504 and 15 D.C.M.R. §§ 4004–4006 to direct Pepco to implement interim procedures for DER interconnection that promote just and reasonable service, protect consumers, and advance the District's clean-energy policies. Therefore, the Commission authorizes the creation of a TCIP, effective upon issuance of this Order, with eligibility limited to projects in the Pepco interconnection queue as of October 1, 2025, or submitted by December 31, 2025. TCIP operational provisions, including conditional non-export or limited-export ATOs, shall remain in effect through June 30, 2026, to allow Pepco sufficient time to complete distribution system upgrades and to support projects seeking to meet the July 4, 2026, "begin-construction" deadline under the OBBA. The TCIP shall permit Pepco to issue TCIP ATOs for qualified DER systems that have been installed, inspected, and equipped with UL 1741 CRD-certified PCS or equivalent technology configured for verified non-export operation or limited export for front-of-the-meter systems. Pepco shall be permitted to employ expanded internal staffing and qualified third-party resources to meet these requirements.

38. The Commission finds that the information requested in the NOI, including the total number of DER projects in the interconnection queue, the corresponding pending capacity at each interconnection level, and the categorization of each project by ITC-related urgency, is essential

to implementing the temporary measures adopted in this Order. The timely submission of this data is critical for three reasons:

- a. **Immediate visibility into the scope of the backlog.** The Commission cannot effectively oversee expedited interconnection processing without a complete and current snapshot of the interconnection queue. This includes the number of projects, their size (in kW or MW), interconnection levels, and specific upgrade requirements. This information is necessary to understand both the magnitude of the backlog and the operational strain faced by Pepco's interconnection team.
- b. **Application of the tiered prioritization framework.** The NOI requested that projects be categorized based on ITC urgency. Because the federal ITC sunsets for residential systems on December 31, 2025, and phases out in subsequent years for commercial systems, projects must be prioritized based on:
 - installation status,
 - the likelihood of achieving ATI and ATO within tax-credit deadlines,
 - upgrade complexity, and
 - customer-specific eligibility windows.

Pepco is uniquely positioned to apply this framework because it possesses real-time data on engineering requirements, upgrade timelines, and distribution system constraints.

- c. **Development of a mitigation plan aligned with temporary directives.** This Order authorizes a TCIP and permits Pepco to implement measures such as conditional non-export ATOs, limited export operations, concurrent construction, and expanded staffing. A mitigation plan can explain:
 - how Pepco will prioritize projects in each tier;
 - how many projects can be reasonably processed before key ITC deadlines;
 - which projects may need conditional ATOs to preserve "placed in service" eligibility; and
 - what operational adjustments are needed to meet Commission-mandated timelines.

The mitigation plan will enable the Commission to monitor Pepco's progress and ensure transparent adherence to the interim standards adopted in this Order.

39. Because tax-credit eligibility deadlines are imminent and delay would risk irreparable financial harm to customers, the Commission determines that a three-day submission window is justified and necessary. Pepco already maintains the queue data internally. Therefore, producing this data on an expedited basis is both feasible and essential for immediate Commission oversight. Accordingly, the Commission will proceed as follows:

40. **Temporary Conditional Interconnection Program.** The Commission directs Pepco to develop and implement the TCIP immediately upon issuance of this Order. Under the TCIP, behind-the-meter systems may operate in zero-export mode, and front-of-the-meter and community solar systems may operate in limited-export mode after construction completion and electrical inspection, and before distribution system upgrades are required. TCIP ATOs shall be made available as an option to all eligible projects in the queue as of October 31, 2025, by December 5, 2025, by email and through the interconnection portal.⁸⁰ Absent extraordinary circumstances, those projects shall receive either a TCIP ATO or full ATO before December 31, 2025. The TCIP ATO shall also be made available as an option to applications submitted by December 31, 2025. Pepco is directed to issue the TCIP ATO within five (5) business days of the Company's receipt of documentary verification of construction completion. A final, unrestricted ATO shall be issued upon completion of the upgrade(s) by Pepco. Projects with a TCIP ATO shall not be required to reapply for interconnection. Given the extreme time constraints, the Commission hereby waives the requirement for a separate Phased Interconnection Agreement for TCIP participants. Instead, Pepco is directed to issue a "Conditional ATO Letter," noting the operational restrictions. TCIP ATOs shall remain valid through June 30, 2026, or until Pepco issues the final unrestricted ATO, whichever occurs first.

41. Pepco is further directed to file by December 5, 2025, the complete interconnection queue data, urgency categorizations, and a corresponding mitigation plan consistent with the tiered prioritization framework set forth in the NOI. The filing may include:

- (a) the total number of projects currently in the interconnection queue;
- (b) the total pending capacity (in kWAC or MWAC) at each interconnection level;
- (c) the categorization of each project according to ITC-related urgency and expected eligibility window;
- (d) identification of projects requiring interconnection facilities and/or distribution system upgrades; and

⁸⁰ For purposes of this Order, "eligible projects" means DER interconnection applications submitted to Pepco on or before October 31, 2025, for which construction has been completed and verified through electrical inspection, and which are equipped with IEEE 1547-2018 compliant smart inverters and UL 1741 CRD-certified Power Control Systems (or equivalent technology) capable of safe zero-export or limited-export operation. Pepco may exclude a project from TCIP eligibility only if it demonstrates, with supporting documentation, that temporary non-export or limited-export operation would pose a substantiated safety or reliability risk. Such documentation shall be provided concurrently to the interconnection customer and filed in the *Formal Case No. 1050* docket.

(e) Pepco's proposed mitigation plan describing how it will prioritize and process projects in each tier, including use of conditional non-export or limited-export ATOs, concurrent construction scheduling, and expanded staffing resources consistent with this Order.

42. Pepco shall submit bi-monthly reports to the Commission beginning December 15, 2025, and continuing through June 30, 2026, containing the following documented information for all projects in Pepco's queue, including all interconnection levels. The information may also be provided as a link to a spreadsheet.

- Queue Position
- Project Capacity (kW_{AC})
- Interconnection Level
- Application Date
- ATI Date
- Whether interconnection facilities are required
- Whether distribution system upgrades are required
- Start date of upgrade construction
- Anticipated start date of upgrade construction (if not yet started)
- End date of upgrade construction
- Anticipated end date of upgrade construction (if not yet started)
- Date of Pepco's notice of the TCIP ATO option
- Date of receipt of the interconnection customer's acceptance of the TCIP ATO option
- ATO Date (for full, non-interim ATO)
- TCIP ATO Date
- Anticipated ATO date (if not yet received)

43. The Commission directs the Commission Staff to convene the *Formal Case No. 1050* Technical Conference to evaluate the effectiveness of these measures, including data on timelines, safety performance, customer satisfaction, and Pepco compliance, and to make recommendations for a permanent rulemaking if warranted. Inclusion of this directive should not conflict with previous recommendation filings pending in this proceeding.

44. **Expedited Review.** The Commission is persuaded by OPC's comments regarding the feasibility of expedited non-export pathways currently utilized by Pepco in Maryland. OPC notes that Maryland's affiliate processes non-export applications within twenty (20) business days under the Level 3 review process. Given that the TCIP is designed to mitigate immediate time constraints, the Commission finds that a similar expedited processing timeline is necessary for the District. The expedited TCIP review process shall apply to interconnection applications at all levels (i.e., Level 1, Level 2, Level 3, and Level 4), provided that the applicant's proposed DER system can operate safely in verified zero-export or limited-export mode using UL 1741-CRD certified equipment. Projects that cannot meet these technical conditions, or that require distribution system upgrades even for non-export or limited export operation, shall not be eligible for TCIP expedited processing and will proceed under the standard interconnection review

timelines. Therefore, for all applications seeking eligibility under the TCIP as non-export or limited-export systems, we direct Pepco to complete its engineering review and issue an ATO within twenty (20) business days of the receipt of a complete application, including all required technical documentation or selection of the TCIP option. This strict timeline is critical to ensure that customers can construct their systems in time to meet the December 31, 2025, and June 30, 2026, deadlines outlined in this Order.

45. **Dispute Resolution.** Regarding dispute resolution, IREC recommends that the Commission establish a designated Interconnection Ombudsman to efficiently resolve disputes and oversee compliance. The Commission recognizes that a dedicated dispute resolution function may be necessary to address the increasing volume and complexity of interconnection issues. However, establishing a permanent Ombudsman position requires careful definition of the role's scope, authority, and relationship to existing Staff functions. Therefore, the Commission defers the formal creation of this position to its review of the *Formal Case No. 1050* Technical Conference Report, expected in 2026. In the interim, the Commission reminds stakeholders that the Commission's Office of Consumer Services ("OCS") remains the primary and customary venue for intake and mediation of informal interconnection disputes. Parties are encouraged to utilize OCS resources to resolve disputes expeditiously while the permanent Ombudsman framework is evaluated.

46. **Staffing and Processing Capacity.** Pepco is authorized to implement temporary staffing measures sufficient to accelerate ATI and ATO processing through at least mid-2027, within fifteen (15) calendar days of this Order. Pepco may utilize third-party businesses or contractors to expedite processing. Pepco is also permitted to submit monthly reports beginning on December 15, 2025, detailing the mean and median timelines for (1) Level 1 ATI approvals, (2) Level 2 approvals requiring only interconnection facilities, and (3) Level 2 approvals requiring distribution system upgrades.

47. **Concurrent Construction Scheduling.** Pepco is authorized to schedule and commence distribution system upgrade work immediately upon receipt of the customer's payment of the cost estimate, rather than waiting for the customer to complete the permitting process, effective as of this Order's publication. This authorization remains in effect permanently and does not expire on June 30, 2026.

48. **Interconnection Equipment Stocking Plan.** Pepco is directed to file a quarterly equipment availability and procurement plan to ensure adequate quantities of commonly required meters, communications hardware, relay protection equipment, and telemetry devices beginning January 1, 2026. Where Pepco is unable to procure equipment in a timely manner, customers may procure compliant equipment directly.

49. **Continued Process Reforms.** The Commission directs the Commission Staff to address the following recommended permanent reforms at the *Formal Case No. 1050* Technical Conference: (1) combining cost estimate and cost letter steps; (2) allowing earlier ATO application submission to trigger witness test waiver periods; (3) establishing a firm regulatory deadline for ATO issuance once commissioning is complete; (4) recommendations for the treatment of sunset tax credits that apply to commercially owned DER systems, including residential systems under power purchase agreements; and (5) developing a permanent standard, phased

interconnection agreement for future use. The details of the discussion and consensus recommendations on these topics (along with other topics as outlined *infra*) will be included in the *Formal Case No. 1050* Technical Conference Report that Pepco will prepare, as required by Order No. 22312.

50. **Self-Build.** CleanCapital and CHESSA recommend that the Commission authorize customers to build interconnection facilities located on the customer side of the point of common coupling themselves. Their comments note that these facilities are already owned and maintained by the customer and that allowing self-build would: (1) reduce overall project delays; (2) relieve pressure on Pepco's construction crews; and (3) potentially reduce ratepayer costs by avoiding Pepco-constructed upgrades during periods of high workload. While the self-build concept may provide benefits, particularly during the period of heightened interconnection demand leading up to the expiration of federal clean-energy tax credits, adopting a permanent or temporary self-build pathway for DER interconnection facilities requires careful evaluation of safety protocols, equipment standards, inspection authority, delineation of responsibilities between customers and the utility, and allocation of cost responsibility in the event of construction defects or failures. Because these issues extend beyond the immediate ITC-related operational measures and require stakeholder engagement and technical analysis, the Commission finds that further review in the *Formal Case No. 1050* Technical Conference is warranted. Accordingly, while the Commission recognizes the potential value of self-built interconnection facilities, we will defer adoption of this recommendation pending the development of a more complete record. We direct the Commission Staff to provide an opportunity for further evaluation of this proposal as part of the broader interconnection discussions at the *Formal Case No. 1050* Technical Conference. The details of the discussion and consensus recommendations on this topic will be included in the *Formal Case No. 1050* Technical Conference Report that Pepco will prepare, as required by Order No. 22312.

51. We believe that these measures strike a balance between protecting the electric delivery system, ensuring safety and reliability, and preventing customer harm due to interconnection delays. They reflect both the urgency of the ITC transition period and the need for structural improvements to the District's interconnection process.

THEREFORE, IT IS ORDERED THAT:

52. A Temporary Conditional Interconnection Program is **CREATED**, effective upon issuance of this Order. Eligibility for participation in the Program shall be limited to distributed energy resource projects in the Potomac Electric Power Company interconnection queue as of October 31, 2025, or submitted as complete applications on or before December 31, 2025;

53. The operational authority of the Temporary Conditional Interconnection Program and the issuance and use of Temporary Conditional Interconnection Program Authorizations to Operate **SHALL** remain in effect through June 30, 2026, unless extended by further Order;

54. The Potomac Electric Power Company is **AUTHORIZED** to make the Temporary Conditional Interconnection Program Authorization to Operate option available to all Temporary Conditional Interconnection Program-eligible projects consistent with Paragraphs 37 and 40 of this Order;

55. The Potomac Electric Power Company is **DIRECTED** to issue the Temporary Conditional Interconnection Program Authorization to Operate within five (5) business days of receiving a customer's request and documentary verification of construction completion;

56. The Potomac Electric Power Company is **DIRECTED** to file by December 5, 2025, the complete interconnection queue data, urgency categorizations, and a corresponding mitigation plan consistent with the tiered prioritization framework set forth in the Notice of Inquiry as set forth in Paragraph 41;

57. The Potomac Electric Power Company is **DIRECTED** to submit bi-monthly reports to the Commission on December 15, 2025, and continue through June 30, 2026, containing the documented information specified in Paragraph 42 of this Order for all projects in Pepco's interconnection queue, including all interconnection levels, as of November 1, 2025;

58. The Potomac Electric Power Company is **DIRECTED** to complete the engineering review and issue an Authorization to Operate for all non-export and limited-export applications submitted under the Temporary Conditional Interconnection Program within (20) business days of the application being deemed complete;

59. The Potomac Electric Power Company is **AUTHORIZED** to implement temporary staffing measures sufficient to accelerate Authorization to Install and Authorization to Operate processing through at least mid-2027; the Potomac Electric Power Company is encouraged to implement such measures within fifteen (15) calendar days of this Order;

60. The Potomac Electric Power Company is **AUTHORIZED** to schedule and commence distribution system upgrade work concurrently with the permitting process upon receipt of the customer's payment of the cost estimate, rather than waiting for the customer to complete the permitting process;

61. The Potomac Electric Power Company is **PERMITTED** to file a quarterly equipment availability and procurement plan to ensure adequate quantities of commonly required meters, communications hardware, relay protection equipment, and telemetry devices beginning January 1, 2026;

62. The Commission Staff is **DIRECTED** to address the following recommended permanent reforms at the *Formal Case No. 1050* Technical Conference: (1) combining cost estimate and cost letter steps; (2) allowing earlier Authorization to Operate application submission to trigger witness test waiver periods; (3) establishing a firm regulatory deadline for Authorization to Operate issuance once commissioning is complete; (4) recommendations for the treatment of sunseting tax credits that apply to commercially owned distributed energy resource systems, including residential systems under power purchase agreements; (5) developing a permanent standard, phased interconnection agreement for future use; (6) the feasibility, cost impacts, and administrative considerations associated with adopting a flat interconnection fee for residential distributed energy resource systems under 20kW; (7) the feasibility of a self-build concept; and (8) the scope, authority, and structure of a proposed Commission Interconnection Ombudsman position to oversee interconnection compliance and dispute resolution. The details of the discussion and consensus recommendations on these topics shall be included in the *Formal Case*

No. 1050 Technical Conference report to be filed by the Potomac Electric Power Company, as required by Order No. 22312; and

63. The Commission Staff is **DIRECTED** to include a discussion of the defined Service Level Agreements governing Pepco's processing times, issuance of Authorizations to Operate, and scheduling construction activities at the *Formal Case No. 1050* Technical Conference and provide a recommendation to the Commission within sixty (60) days of the date of this Order.

A TRUE COPY:

BY DIRECTION OF THE COMMISSION:

A handwritten signature in black ink, reading "Brinda Westbrook-Sedgwick". The signature is written in a cursive, flowing style.

CHIEF CLERK:

**BRINDA WESTBROOK-SEDGWICK
COMMISSION SECRETARY**

COMMISSION ACTION

**FORMAL CASE NO. 1050, IN THE MATTER OF THE INVESTIGATION OF THE IMPLEMENTATION
OF INTERCONNECTION STANDARDS IN THE DISTRICT OF COLUMBIA,**

Date 11/26/25 Formal Case No. 1050 Tariff No. _____ Order No. 22745

	Approve Initial & Date	Dissent Initial & Date	Abstain Initial & Date
Chairman Emile Thompson	<u>ET/DJ 11/26/25</u>	_____	_____
Commissioner Richard A. Beverly	<u>RB/DJ 11/26/25</u>	_____	_____
Commissioner Ted Trabue	<u>TT/DJ 11/26/25</u>	_____	_____

Certification of Action

Dionne Joemah
General/Deputy General Counsel

Brian Edmonds
OGC Counsel/Staff